

BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN RE COMPLIANCE)	
WITH RCW 42.17)	REPORT OF INVESTIGATION
)	
HENRY M. FOOTE, JR.)	PDC CASE NO: #03-155
)	
MARTY MICHALSON)	PDC CASE NO: #03-156
)	
DENIS BRYANT)	PDC CASE NO: #03-158
DIXIE COLLETT)	
GINGER MARSHALL)	
ENVIROC, INC.)	
)	
ENVIRONMENTAL MATERIALS)	
TRANSPORT, LLC and its)	
Managers:)	
HANK HOPKINS)	
ELLING HALVORSON)	
CATHERINE BOSHAW)	
MICHAEL MEHLHOFF)	
TIM TETEA)	
)	
TME CAPITAL GROUP, LLC and its)	
Investors:)	
ELLING HALVORSON)	
CATHERINE BOSHAW)	
DOUG EDLUND)	
JOHN TAYLOR)	
LON HALVORSON)	
TIM TETEA)	
Respondents.)	

I.

BACKGROUND

1.1 Officials at the Port of Seattle have proposed constructing a third runway to reduce flight delays during bad weather. The site of the proposed runway will require more than 17 million cubic yards of fill to be brought to it. In 1993, the city of Des Moines, along with three other cities and the Highline School District formed the Airport Communities Coalition (ACC) to oppose any further expansion of the airport into their neighborhoods. A fifth city joined the coalition in 1996. In 1997, WESCOT Company first proposed building a conveyor system that would link a new dock in Des Moines to an unloading area at the south end of the existing Sea-Tac runways. If approved, the conveyor system will be used instead of trucks to transport the fill to the site of the proposed new runway. The City Council has continued to oppose WESCOT Company's plan. WESTCOT Company currently has two lawsuits pending against the City of Des Moines. Henry R. (Hank) Hopkins is the president of WESCOT Company and Environmental Materials Transport, LLC.

1.2 According to the Secretary of State, Corporate Division, the following entities reported:

- Wescot Company (no description of the nature of the business was given), was formed on January 12, 1967.

Officers, directors or managers:

Henry R. Hopkins

- Environmental Materials Transport, LLC, (EMT), a construction materials supplier, was formed on November 10, 1997.

Officers, directors or managers:

Henry R. Hopkins

Elling Halvorson

Catherine K. Boshaw

Michael P. Mehlhoff

Tim Teteak

- TME Capital Group LLC, (TME) a construction and financing company was formed on November 10, 1997.

Officers, directors or managers:

Elling Halvorson

Catherine K. Boshaw

David Chevalier

Doug Edlund
John Taylor
Lon Halvorson
Tim Teteak

- Monarch Enterprises, Inc. helicopter leasing and equipment rental was formed on August 7, 1970.
Officers, directors or managers:
Elling Halvorson
E. Kent Halvorson
Stewart Kuehne
Lon Halvorson
- Fairmont Terrace LLC assisted living and Alzheimer care was formed on September 1, 1999.
Officers, directors or managers:
WCB Properties, LLC (50% owned by Ginger Marshall and Vera Taylor)
Elling Halvorson
Catherine Boshaw
Doug Edlund

According to Michael Mehlhoff:

- Enviroc, Inc. a company involved in bringing lightweight concrete building products from manufacturing plants in the Eastern U.S. and distributing them in the Western U.S., was formed in 1994.

Officers, directors or managers:
Michael Mehlhoff
Hank Hopkins
Gary Collett
Robert Steele
Glenn Walsh

- 1.3 Henry (Mike) Foote, Jr., filed a Candidate Registration Statement (PDC Form C-1) on August 6, 1999 declaring his candidacy for the Des Moines City Council, position 4. Mr. Foote was defeated.
- 1.4 Marty Michalson filed PDC Form C-1 declaring his candidacy for the Des Moines City Council, Position 6 on August 9, 1999. Mr. Michalson was defeated.
- 1.5 On February 7, 2003, David L. Kaplan filed a complaint with the Public Disclosure Commission alleging violations of RCW 42.17 by

Henry M. (Mike) Foote, Jr. and Marty Michalson. **(Exhibit #1)** Mr. Kaplan stated in his complaint that contributions to Mr. Foote and Mr. Michalson were reported by the candidates, but the true source of the contributions are in doubt. Mr. Kaplan's complaint stated in part:

- Unusually large contributions of \$2,000 were made to 1999 Des Moines City Council candidates, Mike Foote and Marty Michalson. The source of the contributions was Denis Bryant, 2819 Elliott Avenue, #200, Seattle, WA 98121. Mr. Bryant was reported as self employed with Millennium Advisors. Mr. Kaplan reported that he was told that the Millennium Advisors' office at the indicated address was closed at the time the contributions had been made and the offices had been vacant for some time.
- Enviroc, Inc made contributions in the amount of \$250 to both Marty Michalson and Mike Foote. The reported owner of Enviroc, Inc. was Michael Mehlhoff, who was also reported by the Secretary of State, Corporate Division as a manager for EMT a company owned by Hank Hopkins.
- Marty Michalson reported receiving a \$350 contribution from Ginger Marshall who listed a Seattle address.
- Marty Michalson reported receiving a \$250 contribution from Dixie Collett of Redmond. Ms. Marshall's employer was reported as Monarch Enterprises, 12515 Willows Road NE, Suite 200, Kirkland, WA 98034. Monarch Enterprises registered agent, Stewart Kuehne was also reported as the registered agent for Elling Halvorson, Inc., of the same address. The Secretary of State, Corporate Division reported Elling Halvorson to be a manager for EMT.

1.6 In the course of the investigation, PDC staff determined Denis Bryant; Dixie Collett; Ginger Marshall; Enviroc, Inc; EMT and its managers Hank Hopkins, Elling Halvorson, Catherine Boshaw, Michael Mehlhoff; TME and its investors Elling Halvorson, Catherine Boshaw, Doug Edlund, Tim Teteak, John Taylor, Lon Halvorson may have engaged in activities that violated Chapter 42.17 of RCW and have been added as respondents in the complaint.

1.7 On February 18, 2003, Allan M. Furney filed a complaint with the Public Disclosure Commission alleging that RCW 42.17 was violated by the concealment of the true source of contributions made to Henry M. Foote, Jr. and Marty Michalson in the 1999 Des Moines

City Council election. **(Exhibit #2)** As the issues in this complaint were addressed in David Kaplan's complaint, the two complaints were combined under PDC No. 03-155, 03-156 and 03-158.

II.

SCOPE

- 2.1 Staff reviewed a complaint filed by David Kaplan on February 7, 2002.
- 2.2 Staff reviewed reports filed with the PDC relating to the 1999 Des Moines City Council election filed by candidates Henry (Mike) Foote, Jr. and Marty Michalson.
- 2.3 Staff conducted the following interviews:
- Marty Michalson was interviewed under oath at the Public Disclosure Commission, Olympia, Washington, on February 26, 2003. **Exhibit #3**
 - Mike Foote was interviewed under oath at the Public Disclosure Commission, Olympia, Washington, on February 27, 2003. **Exhibit #4**
 - Hank Hopkins was interviewed at the Public Disclosure Commission, Olympia, Washington, on February 28, 2003. Mr. Hopkins was represented by his attorney, Cyrus Vance, Jr. **Exhibit #5**
 - Denis Bryant was interviewed under oath at the Public Disclosure Commission, Olympia, Washington, on March 6, 2003. **Exhibit #6**
 - Ginger Marshall was interviewed under oath at the offices of Labor and Industries in Tukwila, Washington, on March 13, 2003. **Exhibit #7**
 - Elling Halvorson was interviewed under oath at Halvorson, Inc., in Kirkland, Washington, on March 18, 2003. He was represented by his attorney, James Frush. **Exhibit #8**
 - Catherine Boshaw was interviewed under oath at Halvorson, Inc., in Kirkland, Washington, on March 18, 2003. She was represented by her attorney, James Frush. **Exhibit #9**

- Lon Halvorson was interviewed under oath at Halvorson, Inc., in Kirkland, Washington, on March 18, 2003. He was represented by his attorney, James Frush. **Exhibit #10**
 - Gary Collett was interviewed under oath at Halvorson, Inc., in Kirkland, Washington, on March 18, 2003. He was represented by his attorney, James Frush. **Exhibit #11**
 - Michael Mehlhoff was interviewed via telephone on March 19, 2003. **Exhibit #12**
- 2.4 Staff reviewed Mr. Foote's February 11, and February 20, 2003, written responses to Mr. Kaplan and Mr. Furney's complaints. **Exhibits #13**
- 2.5 Staff reviewed written responses from Marty Michalson dated February 8, 2003 and February 20, 2003 to Mr. Kaplan and Mr. Furney's complaints. **Exhibit #14**
- 2.6 Staff reviewed documents provided by:
- Marty Michalson: Campaign records.
 - Mike Foote: Letter to his campaign from Enviroc, Inc.
 - Denis Bryant: Copy of checks to candidates and copies of deposit receipt and reimbursement check from EMT.
 - Hank Hopkins: Copy of EMT reimbursement check to Denis Bryant and bookkeeping ledgers recording the obligation and payment.
 - Subpoenaed bank statements from Wells Fargo Bank reporting accounts belonging to Mike Foote.
 - Gary Collett: Copy of contribution check to Marty Michalson. (Provided by counsel, Jim Frush)
 - Elling Halvorson: Copies of Monarch reimbursement check to Gary Collett and expense reimbursement forms. (Provided by counsel, Jim Frush)

- Catherine Boshaw: Copy of personal reimbursement check to Ginger Marshall for campaign contribution (Provided by counsel, Jim Frush).
- Documents from the Secretary of State, Corporation Division.

III.

LAW & ADMINISTRATIVE RULES

3.1 **RCW 42.17.120 states in part:**

“No contribution shall be made and no expenditure shall be incurred, directly or indirectly, in a fictitious name, anonymously, or by one person through an agent, relative, or other person in such a manner as to conceal the identity of the source of the contribution or in any other manner so as to effect concealment.”

IV.

FINDINGS

- 4.1 Officials at the Port of Seattle have proposed constructing a third runway to reduce flight delays during bad weather. The site of the proposed runway will require more than 17 million cubic yards of fill to be brought to it. In 1997, WESCOT Company first proposed building a conveyor system that would link a new dock in Des Moines to an unloading area at the south end of the existing Sea-Tac runways. If approved, the conveyor system will be used instead of trucks to transport the fill to the site of the proposed new runway. The City Council has opposed WESCOT Company's plan.

Entities

- 4.2 The alleged violations involve several entities described as follows:

- WESCOT Company is an engineering/construction management firm established by Hank Hopkins in 1967. WESCOT Company is solely owned by Hank Hopkins.
- On November 10, 1997, EMT, (a subsidiary of WESCOT Company), a construction materials supplier, was established for the purpose of

implementing the third runway conveyor project. In 1999, the managers of EMT were Hank Hopkins, Elling Halvorson, Catherine Boshaw, Tim Teteak and Michael Mehlhoff.

- On November 10, 1997, TME was established as a lender to EMT by investors Elling Halvorson, Catherine Boshaw, David Chevalier, Doug Edlund, John Taylor, Lon Halvorson and Tim Teteak.
- Monarch Enterprises, Inc., a helicopter leasing and equipment rental company, was established in 1970, and was a fully owned subsidiary of Elling Halvorson, Inc. The corporate officers in 1999 were Elling Halvorson, Lon Halvorson, E. Kent Halvorson, and Stewart Kuehne. Gary Collett was an employee of Monarch Enterprises, Inc.
- Enviroc, Inc., a company dealing in concrete building materials, was established in 1994. The investors in Enviroc, Inc. are Michael Mehlhoff, Hank Hopkins, Gary Collett, Glenn Walsh and Robert Steele.
- Faerland Terrace, LLC, (originally called Fairmont Terrace) was established September 1, 1999. It is owned by WCB Properties (Ginger Marshall and Vera Taylor), and investors Elling Halvorson, Catherine Boshaw and Doug Edlund.

4.3 Hank Hopkins stated to PDC staff in his testimony on February 28, 2003 that he is the president of WESCOT Company, an engineering/construction management firm. In 1997, he established EMT, a wholly owned subsidiary of WESCOT Company.

4.4 Mr. Hopkins stated to PDC staff:

“Environmental Materials Transport, LLC, (EMT) was dedicated solely for the purpose of the conveyor project. It has no other function... What the project that we have been proposing to the City of Des Moines is a conveyor project to perhaps build the third runway if it ever got built.” **Exhibit #5, page 10**

4.5 At the same time EMT was formed, a group of investors formed TME, a limited liability company which sole purpose was to provide funding to EMT.

4.6 Elling Halvorson stated to PDC staff:

“Our group [TME] is a lender to EMT...I was pretty much instrumental in bringing the people together. Hank approached me and said he had a lease on a piece of property that, where his

conveyor could go, and he had an agreement from the city to complete the right of way...That he had to do an environmental impact statement and it would take more money than he could muster and so he suggested that we could participate in it if he was successful that we would lend some money to them.

So it took more money than I was able to put into it so I asked, I just asked some friends if they would be interested in listening to the proposal and they said yeah and so we listened to it, thought it was a reasonable thing and then we formed TME. And lent the money to Hank for his company, EMT. To do the environmental impact statement and hire consultants and I know there was a lot of that, different types of consultants.” **Exhibit # 8, page 10**

4.7 Catherine Boshaw, one of the TME investors, stated to PDC staff:

“Basically, the TME group was just a lender. EMT would come and we would have meetings and they would update us as to what was going on and if they felt more cash was needed. I know we did the environmental study and those were fairly pricey things to do. And so then Hank would let us know if there was going to be another cash call, or about where we were in our original thoughts on investment, etc., etc.” **Exhibit #9, page 11**

4.8 Elling Halvorson described the “participating loan agreement” that established conditions of funding from TME to EMT. Mr. Halvorson stated:

“...we were to loan a certain amount of money, a floored amount together I think it was a million one or two, a million one maybe, and that we would get a certain percentage of the profits from this venture when Hank’s company went forward with the project. If they ever were. We realize it was risk money. Then Hank had a responsibility to put in certain amounts of money too, for his percentage of it. And if he wasn’t able to do that, which he wasn’t able to do at some point because he’s been pretty much without income for some time, at least I understand that and I think its true. Then we, if we were asked to put in more money then we took a percentage of his ownership so to speak, or his return...and so that’s how we participated. We lent the money and then there was provisions to get the money back out of any cash flow. And then we would participate down stream in an equitable way.” **Exhibit #8, page 11**

"I think it was about a million one, more or less. And I can't remember what percentage we had but as an illustration, If we were going to get half of the profits for doing that then they need another \$200,000 there was a formula in the agreement where if Hank was unable to put up his money we took some of his 50%. It was an equitable thing that he felt was equitable and all of the parties agreed to it. It's all written in the agreement." **Exhibit #8, page 12**

- 4.9 Ms. Boshaw described the decision making process between TME and EMT:

"Hank would come, it wasn't always about money, it was often an update of where the city was and where the conveyor process was etc. and the permits and all that. If it was a big expenditure, and I don't know how to qualify big, but we would, there would be talk of is this the direction we want to go or we need to incur this cost or, and it would be TME as the people who were making investments would I guess approve is a good word, but yeah." **Exhibit #9, page 12**

- 4.10 Ms. Boshaw stated that TME members were authorized to incur expenses, but she could not remember an instance where that occurred. Hank Hopkins did not need authority from the TME members to write checks. Ms. Boshaw stated:

"Oh he could write checks on his own and I don't know that there is a dollar limit that, I don't know the mechanics of it but I know every check was not written sometimes till after the fact." **Exhibit # 9, page 15**

- 4.11 Elling Halvorson described expenses incurred by Hank Hopkins. Mr. Halvorson stated:

"There were consultants, mostly environmental consultants, I think he did some other consultants. Maybe political or PR type consultants. I know they made a movie. There were a lot of consultants that he hired. Specialists like, there were tidelands issues, there were, those were the biggest ones, the pier issues, the right of way environmental impacts on that. There were different specialists. They spent a lot of money. Environmental impact statement, I found out cost a lot of money." **Exhibit #8, page 21**

“Well when we’d meet he’d give a report on where they were and what they were doing and say I need, next month I’m going to need x number of dollars, I’m doing this and this and this. The group would approve it and put out a cash call to the different partners and we’d send it to John Taylor who in turn would transfer it as required.” **Exhibit # 8, page 22**

- 4.12 Elling Halvorson testified that the Des Moines City Council was not responsive to EMT’s proposal for the conveyor project. He stated:

“EMT made a proposal to the city to put a conveyor through there, it seems from the reports that we got back that the city council was associating that with their, with an approval for the airport and they were all against the airport. And it seemed that the city council was just very difficult to work with. We weren’t promoting the airport, we were promoting if the airport went, I say we it’s not me, but if the airport went forward they would like to have this opportunity to put a conveyor through there. And it was reported to us that I would probably be good if there was some fresh blood in the city council because they didn’t seem very responsive to it or they tied it into the airport approval and it was just a flat no. And so there was an election taking place and we, I felt that I would like to make a donation to some of these, to a couple of the candidates. And I didn’t want my name associated with it because I didn’t know how they would vote. I just knew it was fresh blood. And I knew they were against the airport and I felt that it would bias them and bias other people towards them if a donation came from me.” **Exhibit #8, page 5**

- 4.13 According to Elling Halvorson, Hank Hopkins promoted the conveyor project with the City Council. Mr. Halvorson stated:

“Mr. Hopkins had the dealings with the council. I had never been to a council meeting. I’ve only met a couple people.” **Exhibit #8, page 6**

- 4.14 Ms. Boshaw was asked by PDC staff if Hank Hopkins recommended that the TME group support the candidates. She stated:

“Recommend might not be the right word. In a discussion about candidates and the election, he would tell us or he did tell us that there were two candidates. Did he say gosh you guys, I don’t think he said that, but he said the words there were two candidates that were running that although they were not in favor of the runway

were in favor of a different transport system than trucks. And I think we kind of took that ball and ran with it.” **Exhibit # 9, page 14**

- 4.15 Elling Halvorson described Hank Hopkins as the “front man so to speak” with the City Council. He described Hank Hopkins’ report back to the investors after meeting with the City Council candidates:

“And Hank attended those meetings and he said it would be good if there was some fresh blood on the council and so we supported that, those candidates...” **Exhibit #8, page 7**

- 4.16 PDC staff asked Mr. Halvorson if Hank Hopkins recommended that the lenders financially support the candidates. Elling Halvorson stated:

“I don’t recall exactly but I think probably he did. It was several years ago now.” **Exhibit #8, page 8**

- 4.17 Prior to the 1999 Des Moines City Council election, Mr. Hopkins met with two of the candidates, Marty Michalson and Mike Foote. Mr. Hopkins stated:

“I knew that they were running and I went down and met with them one time to find out what their outlook was and what their viewpoints were and I can’t remember what time I did it but I went down and met with them... I just wanted to find out what their viewpoints were because the council people that we had been dealing with were taking a very strong position of against the third runway and we understood that. But we also were interested to know if there was somebody that was running for office that would have a new viewpoint if you will, or a different viewpoint and that’s why I went down to see if they did.” **Exhibit #5, page 14**

- 4.18 Mr. Hopkins reported to his investors about his views of Mr. Michalson and Mr. Foote. Mr. Hopkins stated:

“We had one of our usual meetings and I just described to them in a normal reporting of updates of what activities were going on in our program and I said to them that there were two new candidates down there that were looking for support and that’s all I reported... I told them that their viewpoints looked like they were more open minded, but that’s all.” **Exhibit #5, page 18**

- 4.19 Elling Halvorson described Hank Hopkins’ report to the lenders regarding his evaluation of the 1999 City Council candidates. Mr. Halvorson stated:

“He told us that, he basically told us that these candidates were running and it would be, he thought it would be good if there was some fresh blood in the council because they are all so biased towards the airport. And the new candidates were biased too but at least, we didn’t think we were going to get anywhere with the old ones. It was worth the risk.” **Exhibit #8, page 13**

Candidate contributions

- 4.20 According to Elling Halvorson in his testimony, the lending group made the decision to support the City Council candidates. Mr. Halvorson stated:

“I guess we just collectively made it at the meeting, that we would support them. I can’t remember exactly how that came about but obviously we talked about it because we brought it up at a meeting. And we didn’t put our names on it because, like I said before we didn’t want them biased. We didn’t want other people biased towards them or them biased towards us. That was just cleaner and we didn’t know there was any rule against doing that. We certainly wouldn’t have done it. It was the first time in my life I’ve ever done anything like that but I just thought under the circumstances it was healthier for the candidates and for everyone.”
Exhibit # 8, page 14

- 4.21 Marty Michalson reported \$4,925 in total contributions received for his 1999 Des Moines City Council campaign. His contributions are summarized as follows:

<u>Date Received</u>	<u>Contributor Name</u>		<u>Amount</u>	<u>Percent of total received</u>
4/26/99	Tabeu Michalson (Mother)	Des Moines	\$2,000	41%
9/23/99	Denis Bryant-Millennium	Seattle	2,000	41%
10/5/99	Small contribution		25	
10/18/99	Able Wright & Co.	Des Moines	50	1%
10/18/99	Enviroc, Inc.	Tacoma	250	5%
10/22/99	Ginger Marshall-retired	Seattle	350	7%
10/22/99	Dixie Collett-Monarch	Redmond	250	5%
		Total	\$4,925	100%

- 4.22 Mike Foote reported \$2,675 in total contributions received for his 1999 Des Moines City Council campaign. His contributions are summarized as follows:

<u>Date Received</u>	<u>Contributor Name</u>		<u>Amount</u>	<u>Percent of total received</u>
10/1/99	Jeanne Serrill	Des Moines	\$ 125	5%
9/24/99	Denis Bryant-Millennium	Seattle	2,000	75%
10/18/99	Enviroc, Inc	Tacoma	250	9%
10/19/99	Des Moines Marina	Des Moines	250	9%
10/20/99	Able Wright & Co.	<u>Des Moines</u>	<u>50</u>	<u>2%</u>
		Total	\$2,675	100%

Candidates Reporting

- 4.23 Marty Michalson stated in his written response dated February 8, 2003 that the complaint against his campaign is false. Mr. Michalson stated:

"I made no effort to, nor did I have a reason to conceal the source of contributions...I have no knowledge of the contributors other than what was provided to me by these contributors. When I received contribution, I contacted the supporter by phone or mail to thank them. Where I did not have all the necessary information required by the PDC, I requested it in order to provide an accurate report to the PDC...I did question some of the supporters as to why they were contributing. The most common answer was an indication that they disagreed with positions of the incumbent."

Exhibit #14

- 4.24 Mike Foote provided written responses to both Mr. Kaplan and Mr. Furney's complaints. He stated, "I concealed nothing in the 1999 Des Moines city Council race." **Exhibit #13**

Contributions from Denis Bryant

- 4.25 Candidate Marty Michalson reported on a C-3 Report dated October 1, 1999, a \$2,000 contribution on September 23, 1999, from Denis Bryant, 2814 Elliott Ave., Seattle, WA 98121.
- 4.26 Candidate Mike Foote reported on a C-3 Report dated October 1, 1999, a \$2,000 contribution on September 24, 1999, from Denis Bryant, 2819 Elliott Ave, #200, Seattle, WA 98121.

4.27 Catherine Boshaw and Elling Halvorson were investors in several projects of Denis Bryant. Ms. Boshaw contacted Mr. Bryant prior to the election and asked him to make contributions to candidates Marty Michalson and Mike Foote for the 1999 Des Moines City Council election. She didn't want it to appear the contributions were coming from her or her business group because of her investment interest in the conveyor project in Des Moines. Mr. Bryant considered Ms. Boshaw a friend and mentor. Ms. Boshaw supported Mr. Bryant's early financial ventures and he felt indebted to her. Although he felt the request was odd, he trusted her and agreed to make a contribution.

4.28 Mr. Bryant told PDC staff that he had a business and personal relationship with Catherine Boshaw and her ex-husband, Phillip Boshaw since approximately 1988:

"They were part of a company that I formed when I was a very young entrepreneur and they invested in one of the early projects and...That was MRI Medical Resources International Incorporated...And we invested in a couple of MRI projects and that's how I got to know them. From that business relationship sprung a friendship and Cathy and I have remained friends ever since." **Exhibit #6, page 4**

4.29 According to Mr. Bryant, he and Ms. Boshaw are each half owners in MRI, Inc. In addition, Ms. Boshaw and Elling Halvorson are investors with Mr. Bryant in Living Care Visalia, LLC, a senior housing project in California.

4.30 Denis Bryant provided the following documents to PDC staff:

- Copy of check number 5395, dated September 15, 1999, in the amount of \$2,000, drawn on Mr. Bryant's personal bank account, payable to Committee to Elect Mike Foote. The check is endorsed on the back by H. M. Foote, Jr. **Exhibit #15**
- Copy of check number 5397, dated September 21, 1999, in the amount of \$2,000, drawn on Mr. Bryant's personal bank account, payable to Committee to Elect Marty Michalson,. The check is endorsed on the back by Committee to elect Marty Michalson. **Exhibit #16**
- Copy of check number 5158, dated September 16, 1999 in the amount of \$4,000, made out to Denis Bryant, drawn on the bank account of EMT. Mr. Bryant also provided a copy of a deposit

receipt indicating the check was deposited into his bank account on September 21, 1999. **Exhibit #17**

- Copy of a letter dated September 15, 1999, from Denis Bryant to Mr. Michalson's campaign. Mr. Michalson reported that the letter accompanied Mr. Bryant's campaign contribution. **Exhibit #18**

4.31 Denis Bryant described Ms. Boshaw's contribution request in his testimony:

"I received a phone call from a friend and a business partner by the name of Cathy Boshaw sometime relevant to those dates, I can't recall the exact date, we talked about more than just this and she asked me if I would, they wanted to get some campaign contributions to these two councilmen but they didn't want it to look like it was coming from them and would I be willing to make some donations. I said yes and she indicated they would reimburse me and she gave me a couple of phone numbers to contact the campaigns... Generally ... they had some business that they were trying to do in the area and these councilmen were considered to be friendly towards whatever that structure was and they didn't want it to look like they were trying to send contributions directly to them, the councilmen... It was a friendship relationship between Cathy and I, she asked me to do it and I had no reason not to think, not to do it." **Exhibit #6, page 3**

"I've known Cathy a long time and she has been a very good friend of mine and a business supporter when others might not be. She called me and asked me to do this and I've known her to be an honorable, upright, ethical person. I didn't have any reason to think that this was not okay or acceptable and as a friend I did it for her. So I thought it as maybe a little odd but I didn't think about it in terms of doing something that wasn't ethical or illegal...She described it as they didn't want, or she didn't want, they didn't want the campaign contributions looking like it came from them because they had a business interest and so they asked me to do it...Because I'm a good friend and she obviously felt she could trust me and probably thought I would do it and I did...Cathy is somebody that I have a lot, I feel a lot of personal loyalty to. She has been a good mentor. I look up to her as a businessperson and she's helped me along the way many times. Not just investing in something but also giving me personal advice on how to handle things and so I didn't feel any pressure but I certainly felt that if I could do her a favor I would do it. And had I said no there wouldn't have been any repercussions." **Exhibit #6, page 13**

“Cathy said on the phone that we’ll send you a check and so I just assumed she would. I didn’t know where it was going to come from, I assumed it was coming from her at the time I think. When I got the check I put it in my personal account and wrote the contributions out of my personal account.” **Exhibit #6, page 3**

- 4.32 Catherine Boshaw testified that she approached Denis Bryant and asked him to make contributions to Des Moines candidates:

“When we talked in the TME group prior to this, Faerland Terrace is the name, we had talked about who might be someone that would go ahead and donate for us if you will, or to these candidates and had some, that would be kind of believing in that whole thing. Anyway the third runway. And because we had a meeting coming up with Ginger we thought Ginger and Elling and I are involved in another assisted living facility with Denis Bryant. Not here, but down in Visalia California and so we thought Denis probably would be someone who would be interested in this as well.” **Exhibit #9, page 9**

- 4.33 Mr. Bryant told PDC staff that Catherine Boshaw gave him the names and telephone numbers of the candidates. He contacted the candidates and obtained addresses for mailing the contributions. Mr. Bryant told PDC staff that he provided the name and address of his business Millennium Advisors to the candidates because it is wholly owned by him. Mr. Bryant also wished to respond to the portion of the complaint that reported that the address given for Millennium Advisors had been vacant for some time. Mr. Bryant stated:

“My offices have always been at 2819 since 1997 so, they’ve never been vacant, they’ve never been empty and so I was probably there when whoever tried to come visit or one of my employees would have been there. So I just wanted to correct that.” **Exhibit #6, page 23**

- 4.34 Mr. Hopkins stated that he wrote and signed EMT check number 5158 payable to Denis Bryant, but denied knowing that it was reimbursement for political contributions. He stated to PDC staff:

“Oh, it’s written to Denis Bryant and all I recall is that it is the result of a meeting that I was at EMT. And it’s like many of the other consultants that we have I didn’t realize or don’t know sometimes what their particular activities are but I’m responsible for sending

the check out...Yes. We were working on permitting for the project that Des Moines, the conveyor project, and the bulk of all of our efforts has been done through consultants working on the project. So we have all kinds of different consultants working on it. Technical consultants and others. So we, it's quite common practice for us to process our payments through when we have a meeting of our group to pay the consultants off." **Exhibit #5, page 3**

"I didn't think it was anything more than it was a typical consultant, payment for consultant services. And I thought it was for work to be done on the permitting process...Well, we often get invoices from some consultants. Some consultants we don't because one of the members may have made an arrangement for them to participate and until we have a meeting we don't even know that occurs. We have a very good group that works together very well in that respect. So if we have a consultant, for example, that's working on any technical part of the project, one of the aspects like cost estimating, feasibility studies, those things could be initiated by one of the other members. I am just a minority member of the group so if that's the case we just sit and honor that. We say okay that's fine go ahead and pay that bill. And then I go ahead and process the bill and pay it. In some cases it may be necessary to issue a check right away because of some arrangement that's made and so, that's kind of what happened her I'm sure." **Exhibit #5, page 5**

"I just recall it being a part of the payments that were to be made to the other consultants and people that we do business with. So I just wrote the check right then and there." **Exhibit #5, page 20**

- 4.35 Mr. Hopkins stated that he could not recall which EMT member asked him to write the check to Mr. Bryant. Mr. Hopkins stated:

"Yeah, it could have been, more likely it could have been Lon Halverson, it could have been, it could have been Cathy Boshaw, it could have been Elling. It could have been one of three or four of them." **Exhibit #5, pages 6, 7**

- 4.36 Lon Halvorson stated he recognized his as the second signature on EMT check number 5158 payable to Denis Bryant. Mr. Halvorson explained that in his role as a signatory for EMT, he did not review the purpose of the expenditure, see copies of invoices or ask for an explanation of the expense. Mr. Halvorson stated:

“Hank would track me down, sometimes at little league games, sometimes at lunch. There, it seems like every check I ever signed was urgent and on good faith I would sign them.” **Exhibit #10, page 6**

Contribution from Ginger Marshall

4.37 Candidate Marty Michalson reported on a C-3 Report dated October 29, 1999, a \$350 contribution on October 22, 1999, from Ginger Marshall, Seattle, WA 98121.

4.38 Attorney James Frush provided PDC staff with a copy of check number 1330, dated October 22, 1999, in the amount of \$350 drawn on the personal account of Ginger Marshall, payable to Campaign to Elect Marty Michalson. **Exhibit #19**

4.39 Catherine Boshaw and Elling Halvorson were investors in assisted living residence projects with Ginger Marshall. Ms. Marshall stated to PDC staff how she knew Catherine Boshaw and Elling Halvorson:

“And that was 1997 and there was an RFP, a request for proposal, that was let for surplus property in King County, a building. And Vera and I responded to that RFP and were ultimately awarded the opportunity to purchase the building and convert it into senior housing. We then looked for investors in the community for its development and were introduced to Catherine Boshaw and then she introduced us to Elling Halvorson and Lon Halvorson and Doug Edlund. And it was this group of six people that initially were investors in Faerland Terrace. It was called Faermont Terrace initially, that’s why you have two different names. We changed the name to Faerland.” **Exhibit #9, page 2**

4.40 After a partnership meeting, Ms. Boshaw and Elling Halvorson approached Ginger Marshall and asked her to make a contribution to Des Moines City Council candidates. Elling Halvorson stated:

“I didn’t know Ginger that well at that time, because I came into that venture a little behind Cathy. Cathy asked me if I would have an interest in coming in with her on that. But we were at a partnership meeting on that and that was just shortly after we had had a meeting here and so we just asked Ginger would you mind giving a donation. And I happened to be with them, I think Cathy was kind of the lead person on that...” **Exhibit #8, pages 16, 17**

4.41 PDC staff asked Elling Halvorson if Ginger Marshall was reimbursed for her contribution. He stated: "I think Cathy reimbursed her." **Exhibit #8, page 17**

4.42 Catherine Boshaw described to PDC staff what led to her request that Ginger Marshall make a contribution to a Des Moines City Council candidate:

"At an earlier meeting, not the one right before the one with Ms. Marshall, but I don't know how much earlier. Within a month I would say, we had, the TME Group had met with some people from the EMT group, it's confusing I know, and they had indicated that perhaps there was a couple of candidates in the '99 election that although they were not in favor of the runway were a little more open to, we were involved in lending to that transport company and consequently just trying to get some movement in the election. Just to kind of get things going one way or another. And a representative of EMT had indicated that there were a couple of candidates that would be a little more facilitating to that...[That representative was] Hank Hopkins." **Exhibit #9, pages 3, 4**

"...in our TME meeting I think we talked about did we want to make a contribution and how we should go about that. And I don't think, I know Hank wasn't in on that. And we decided we would make a contribution to those people that were recommended and we thought I would probably be best if we distance ourselves from that...Trying to give them a little more, in case they were elected we just didn't want to have them beholding because at that juncture we were looking for some sort of movement in the whole third runway issue rather than any other thing. So we thought it would be best since this group was in an outside way somehow involved with the third runway we didn't want to taint these candidates necessarily...we knew they weren't in favor of the runway but we thought if the runway passed that they would probably be in favor of a different transport method other than the trucks which would necessarily be what we had, were lending the money to the EMT project. Or the conveyor." **Exhibit #9, page 6**

4.43 Ms. Boshaw provided, through counsel, a copy of check number 7389, dated October 22, 1999, payable to Ginger Marshall in the amount of \$450, drawn on Ms. Boshaw's personal account.

“And that was a matter of convenience because I was sitting right here at the meeting when we asked her, so I think I’m probably the only one with a checkbook.” **Exhibit # 9, page 10**

Contribution from Gary Collett

4.44 Candidate Marty Michalson reported on a C-3 Report dated October 29, 1999, a \$250 contribution on October 22, 1999, from Dixie Collett, Redmond, WA 98121. The C-3 Report disclosed Ms. Collett was employed as a property manager for Monarch Ent.

4.45 Elling Halvorson described for PDC staff Gary Collett’s employment status. Mr. Halvorson stated:

“Yeah, Monarch Enterprises is the subsidiary of Elling Halvorson Inc., fully owned subsidiary. And it’s been around for 34 years. It used to be called Papillon Helicopters. And we run out of the Papillon Helicopter business. We had a lot of aircraft in it and so we changed the name. I actually leased, would lease helicopters out. That was the primary business of that company.” **Exhibit #8, page 14**

“Gary worked for Monarch and he also did my personal accounting. Gary has worked for me for many, many years. He’s retired. He’s retired now. I think he comes in one or two days a month or something like that. He does a couple of little assignments.”
Exhibit #8, page 15

4.46 Gary Collett testified as to his employment status as follows:

“I was an employee of Monarch Enterprises, which is basically a holding company. And I was involved in many different small companies, properties, so probably most of my work was not with Monarch other than invoicing for helicopters maybe that was in Monarch. My title was Property Manager. I manage properties in the Seattle area, Idaho, Hawaii, Arizona...So I probably was involved at that particular time in more than 20 properties and companies. And I did quite a bit of Mr. Halvorson’s personal.”
Exhibit #11, pages 2, 3

4.47 Elling Halvorson told PDC staff that he asked Gary Collett to make a contribution to a City Council candidate. When asked who asked Mr. Collett to make the contribution, Mr. Halvorson stated:

"I did...He just, he's my right-hand guy. He did my accounting books and my personal stuff...So I just asked Gary. I'm real close to Gary, I just asked him if he'd mind doing that and he said no certainly not. He knew we were working on this conveyor thing. His office was just one door away from mine." **Exhibit #8, page 15**

4.48 Gary Collett, Dixie Collett's husband told PDC staff that he made the contribution to Marty Michalson. Mr. Collett's attorney, James Frush, provided a copy of check number 3129, dated October 22, 1999, in the amount of \$250, drawn on the joint account of Gary B. and Dixie J. Collett, and signed by Gary Collett. **Exhibit #21**

4.49 Mr. Collett testified that he made a contribution to candidate Marty Michalson at Elling Halvorson's request. Mr. Collett stated:

"Well it was during the election, Mr. Halvorson, Elling Halvorson came into my office and suggested that it might be a good idea to try and get this gentleman elected for the benefit of himself and the company. He evidentially believed in the third runway, which our company was involved in so he asked me if I would make the contribution, which I did...He said it would be reimbursed by the company." **Exhibit #11, pages 1, 2**

"When I was approached on I wrote the check because I believed in the third runway as something I personally could done. If he had asked me to write a check for Billy Clinton's campaign or something I would have said no but this was something that I believed in myself even though it was reimbursed." **Exhibit #11, pages 3, 4**

4.50 Mr. Frush provided PDC staff with a copy of check number 1229, dated December 22, 1999, in the amount of \$319.49, drawn on the business account of Monarch Enterprises, Inc. The check was signed by Gary B. Collett. Included with the check was a copy of Mr. Collett's Daily Travel Expense Report listing various expenses incurred. The final expense on the form reported, "10/22/99, Marty Mikalson \$250.00." Elling Halvorson reviewed the reimbursement check to Gary Collett and the expense reports and stated:

"I've never seen these documents before. The check or the expense report, but I did ask Gary if he would make a donation, if he would feel comfortable making a donation to, I guess it was Michalson I read on here. Marty Michalson. Gary's worked for me for many, many years and he said sure. And he turned this in on the, his expense report, which I didn't tell him to do but it was implied that he, that I would reimburse him. And I did ask the

question whether this was deducted as a business expense and it was not, for tax purposes.” **Exhibit #8, page 4**

Contribution from Enviroc, Inc.

- 4.51 Michael Mehlhoff, President of Enviroc, Inc., is also listed as a member of EMT. Hank Hopkins stated he is a 20% owner in Enviroc, Inc. Marty Michalson and Mike Foote both reported \$250 campaign contributions from Enviroc, Inc. Michael Mehlhoff described Enviroc, Inc. to PDC staff:

“Enviroc is a company involved in bringing light weight building products, lightweight concrete building products from manufacturing plants in the Eastern U.S. and distributing them in the Western U.S. and also involved in basic civil works projects...Enviroc was involved as a, not as an owner or in any formal capacity but between, there was a cooperation between Enviroc and the company that was going to put the transfer system in for the fill works for the airport, Seattle SeaTac third runway project.” **Exhibit #12, page 3**

“There are five board members, myself, Robert Steele of Kingmond Arizona, Henry Hopkins of Lynnwood Washington and Glenn Walsh, I believe he is he’s definitely in British Columbia, how many did I name? That’s four, and then Gary Collett of Issaquah Washington.” **Exhibit #12, page 3**

“...All of them are investors. In terms of decision making of course they have done resolutions and delegate authority to officers and others for execution of the plan of the company to execute its business throughout the year... We do have regular meetings, annual scheduled meetings with the stockholders. Quarterly meetings and most of our meetings are special meetings that are called for purposes with notice in accordance with our bylaws... Well the primary day-to-day decisions I make.” **Exhibit #12, page 4**

- 4.52 In his testimony, Mr. Mehlhoff stated he was not aware that he is a member of EMT. Mr. Mehlhoff stated:

“Well, that’s a surprise to me. EMT was the conveyor company?... And it was an LLC., I thought that, I thought that EMT was Hank and John, I forgot John’s last name...Taylor, thank you. Yes, they must have included me and it didn’t register, I didn’t...” **Exhibit #12, page 5**

- 4.53 Mr. Mehlhoff told PDC staff that he lived in Bellevue until last year when he moved to Arizona. With regards to participation in EMT meetings, Mr. Mehlhoff stated:

“No, not since it was first started and I became totally involved in Enviroc, came down to Arizona and have not participated in anything they have been doing for years.” **Exhibit #12, page 7**

- 4.54 Hank Hopkins described his role with Enviroc, Inc. He stated:

“I am a minor owner in Enviroc...It’s a manufacturing business and they’re trying to build plants to produce a new building material called AAC...It’s Autoclaved Airways and Cellular Concrete. It’s a real mouthful to say... I am one of the directors. There are five directors. There is Glen Walsh, Mike Mehlhoff, Bob Steele, Gary Collett and myself.” **Exhibit #5, pages 12, 13**

- 4.55 Mr. Mehlhoff described his participation in the 1999 Des Moines City Council election as follows:

“I recall that there were, there was a city council election coming up. There were candidates that were through information that came from Mr. Hopkins that needed to support, and also in the City of Auburn, I recall that also, our standard policy was to support those candidates that would be of benefit to the community by the standard \$250 donation. That was our minimum/maximum and only number that I recall we ever donated.” **Exhibit #12, pages 7, 8**

- 4.56 Michael Mehlhoff denied that Enviroc, Inc. was reimbursed for the contributions made to candidates. He stated:

“Enviroc made contributions to quite a few campaigns in quite a few cities. The city of Auburn and the City of Des Moines.” **Exhibit #12, page 2**

Respectfully submitted this _____ day of March 2003.

Sally Parker
Political Finance Specialist

List of Exhibits

- Exhibit #1: David Kaplan complaint
- Exhibit #2: Allan Furney complaint
- Exhibit #3: Marty Michalson testimony
- Exhibit #4: Henry M. (Mike) Foote, Jr. testimony
- Exhibit #5: Henry (Hank) Hopkins testimony
- Exhibit #6: Denis Bryant testimony
- Exhibit #7: Ginger Marshall testimony
- Exhibit #8: Elling Halvorson testimony
- Exhibit #9: Catherine Boshaw testimony
- Exhibit #10: Lon Halvorson testimony
- Exhibit #11: Gary Collett testimony
- Exhibit #12: Michael Mehlhoff testimony
- Exhibit #13: Mike Foote's written responses to the complaints
- Exhibit #14: Marty Michalson's written responses to the complaints
- Exhibit #15: Check number 5395, from Denis Bryant to Mike Foote
- Exhibit #16: Check number 5397, from Denis Bryant to Marty Michalson
- Exhibit #17: Check number 5158, from EMT to Denis Bryant
- Exhibit #18: Letter dated September 15, 1999, from Denis Bryant to Marty Michalson
- Exhibit #19: Check number 1330, from Ginger Marshall to Marty Michalson

Exhibit #20: Check number 7389, from Catherine Boshaw to Ginger Marshall

Exhibit #21: Check number 3129, from Gary and Dixie Collett to Marty
Michalson

Exhibit #22: Check number 1229, from Monarch Enterprises to Gary Collett